

BEFORE THE  
POSTAL REGULATORY COMMISSION  
WASHINGTON, D.C. 20268-0001

PERIODIC REPORTING  
(PROPOSAL THIRTEEN)

Docket No. RM2015-7

**ANSWER OF THE UNITED STATES POSTAL SERVICE IN  
OPPOSITION TO UPS MOTION REQUESTING ISSUANCE  
OF AN INFORMATION REQUEST**  
(March 23, 2015)

On March 18, 2015, UPS filed its Initial Comments in this proceeding, accompanied by a motion seeking the issuance of an Information Request. The information sought by UPS in its motion would, under protective conditions, allow the data for each individual carrier route in the nationwide Form 3999 database to be matched to the actual ZIP Code in which that route operates. For the reasons explained below, the Postal Service hereby opposes that motion.

The UPS motion is premised on the erroneous claim that the Postal Service has “no legitimate interest” in declining to grant access to the information requested. UPS Motion at 4. It is necessary, therefore, to review the substance and significance of what UPS is seeking. The Form 3999 database was described in detail in the Scoping Study Report provided by the Postal Service on May 30, 2012, in the Strategic Rulemaking, Docket No. RM2011-3. Scoping Report at 8-12. It presents data for a number of variables for each city carrier route in the country, collected on the day on which the route was most recently evaluated. Data recorded include amounts of time the carrier is engaged in various activities on the street, and a delivered mail count of various mail categories. *Id.* In its research, the Postal Service has used the nationwide Form 3999 database only to derive *nationwide averages* for certain variables. For that purpose, the

location of the ZIP Code in which any particular carrier route operates is irrelevant, as all routes in the country are included to calculate the average. Consequently, for the Form 3999 database publically presented by the Postal Service on December 11, 2014 at the beginning of this proceeding as part of USPS-RM2015-7/1, the Postal Service had no reason to include information that would tie the wealth of information presented for each carrier route back to a specific ZIP Code. For each observation (i.e., each carrier route), values for each variable could be matched with values for the other variables recorded for that observation, but reviewing parties had no reason to (and thus were not provided data to enable them to) trace the location of the route (and all of the associated values for the component variables) back to any particular region, state, or city, much less back to a specific ZIP Code.

UPS, however, now seeks access to information that would link all of the data for each observation back to the actual ZIP Code. In other words, anyone with access to this information would be able to examine carrier operation for each route in each ZIP Code (with city delivery) in the entire country. Details would be available for how operations are conducted (as reflected in the times spent on various activities), and how postal customers are using the delivery network (as reflected in the volumes delivered in various categories). The extreme commercial sensitivity of these data is self-evident. Any rational commercial enterprise would resist attempts to allow outside interests to gain access to such detailed and comprehensive data. Correspondingly, any claim that the Postal Service has “no legitimate interest” in protecting such data borders on frivolous.

UPS, of course, places great weight on the circumstance that it only seeks access to the thusly expanded nationwide Form 3999 information in the context of protective conditions. UPS Motion at 4-6. The Postal Service does not dispute that the willingness of UPS to limit its access and use of the information in conformance with the terms of the standard protective conditions is a major factor in the evaluation of its request. But just as clearly, that is by no means the only factor to be considered. It would be nonsensical to suggest that access to any information is automatic, so long as the information is sought only subject to protective conditions. To do so would be to ignore the even more fundamental threshold question of whether a viable need for the information has been established.

It is in this respect that the UPS motion fails. There are many grounds upon which to question the alleged need for these data. Initially, while the UPS motion (page 3) contemplates the ability of the Commission and other parties to consider results based upon further research conducted by UPS using the requested data, there is no provision in the procedural schedule allowing UPS to submit further research, or to present arguments drawn from the results of such research. In that respect, the UPS motion, at the very least, blithely presupposes a further set of procedures beyond what the Commission has specified. At worst, UPS is simply attempting to write its own rules for how the procedural schedule of the case should be managed.

Moving beyond that, however, it first may be useful to clarify what could be interpreted as some ambiguity in the motion. On pages 2-3 of the UPS Motion, the discussion suggests that Dr. Neels “restricted his analysis” to the 300 ZIP Codes which were the focus of the Postal Service’s field work, and thus for which Dr. Neels already

has access to the crosswalk which allows the Form 3999 data to be matched to actual geographic locations. Since the UPS Motion then claims that Dr. Neels' alternate model "would benefit from utilizing a broader dataset, which would be possible if the Postal Service provided the requested Crosswalk File," the inference that might be drawn is that Dr. Neels has already presented a model which uses observations from the Form 3999 database for the routes within the 300 offices for which he can already match ZIP Codes. This inference is supported by the further claim that access to the nationwide set of ZIP Codes would allow examination of "model performance on the entire system of Postal Service routes." All of this would appear to suggest that Dr. Neels has presented a model based on the Form 3999 data for the "limited" subset of 300 ZIP Codes, and what he now seeks are additional data to expand that model to the full nationwide Form 3999 dataset containing over 140,000 city carrier route observations.

Yet examination of the materials submitted by UPS on March 18 fails to identify any model which actually employs in this fashion the Form 3999 for the subset for which Dr. Neels already has the ZIP Code matches. UPS claims:

Results obtained by using the broader set of ZIP Codes would allow the Commission and those submitting comments in this docket to better consider UPS's alternative approach. Accordingly, issuing this information request would allow the Commission, the Public Representative, the Postal Service, and other interested parties to more fully consider the reliability and accuracy of the model proposed by UPS.

UPS Motion at 3. Thus, UPS purports to establish a "need" for the requested data by appearing to portray the additional data as necessary to *expand* the scope of its model. The problem is, UPS has yet to come forward with an *unexpanded* version of the model. Without any showing that a model based on the considerable amount of data to which UPS already has access has any merit, UPS fails to support its claim that it is entitled to

access to more data. The several other models presented by Dr. Neels on March 18 cannot be allowed to mask the fact that, contrary to what the Motion seems to imply, no model of the type to which UPS claims the nationwide Form 3999 database would be applied has yet to be presented.

Moreover, the UPS motion itself concedes that the access to the requested matching information would still not yield a full set of data capable of being plugged into the contemplated model. As admitted in footnote 2 on page 2, the “alternate model” requires Collection and Accountables volumes, and that information is not included in the Form 3999 database. All UPS can come up with to plug this gaping hole is to suggest that the missing data can be imputed from the 300 ZIP Codes for which Collection and Accountables volumes have been provided. This attempt at an alleged fix, however, would raise more problems than it solves. In essence, UPS is clamoring for access to a more detailed database, while at the same time acknowledging that even a grant of access to all that it seeks would not allow estimation of an adequate model.

UPS justifies its request with the claim that use of the Form 3999 data will somehow allow the Commission and interested parties to more fully consider the UPS model. Motion at 3. This is demonstrably false and, in fact, injecting the Form 3999 data into this proceeding is likely to confound, not clarify, the issues before the Commission. Dr. Neels provides virtually no justification for abandoning well-established and reliable functional forms in favor of his contorted non-linear model. Rather, he justifies its use on the fact that it provides higher variabilities for non-parcel volumes than either the Postal Service model or the established variabilities. But even

a cursory review of Dr. Neels' analysis shows that his higher variability depends not just upon his model, but rather upon his ancillary, and controversial, assumption about its application. For example, Dr. Neels prefers to ignore thousands of data points on delivery times and volumes collected and produced by the Postal Service in favor of just one average observation per ZIP Code. In addition, Dr. Neels assumes it is better to estimate an equation for all street time rather than delivery time, despite the fact that such a variability has no linkage to estimating attributable costs per piece for city carrier street time.

These assumptions can and will be debated, and they are major source of the difference in variability results. Despite the infirmities of Dr. Neels' model, applying it to all the data collected by the Postal Service appears to yield a delivery time variability for "non-parcel" volume of 35.9 percent which, in contrast to Dr. Neel's assertions, is remarkably close to the summed variabilities of 35.5 percent from the Postal Service's model.

In sum, applying Dr. Neels' model to Form 3999 data will not cure its problems and will only confuse the issues before the Commission. In addition to evaluating his assumptions and model specifications, interested parties will then also have to attempt to control for differences in datasets. This is particularly worrisome because as Dr. Neels and UPS freely admit, the Form 3999 dataset will not provide him with all the variables he needs. Instead, as discussed above, he will be forced to create Collection and Accountables data for over 100,000 observations.

Even under protective conditions, UPS should not be allowed access to the highly sensitive material it seeks without showing that such access will allow application

in a practical and worthwhile endeavor. Under the existing procedural schedule, there are no practical means of utilizing these data to produce actionable conclusions. Moreover, despite having access to a decent-sized subset of what it seeks (i.e., the 300 ZIP Codes), UPS has failed to make a showing that the model it contemplates would be worthwhile in any meaningful sense.

The UPS Motion for issuance of an Information Request should be denied.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorney:

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Eric P. Koetting

475 L'Enfant Plaza West, S.W.  
Washington, D.C. 20260-1137  
(202) 277-6333  
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